

# The INTERNATIONAL TEAMSTER

LABOR DAY, 1946



*Official Magazine*

THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS • CHAUFFEURS • WAREHOUSEMEN & HELPERS OF AMERICA



# Prosecute the War Grafters

**N**EVER has a more sordid story of war profiteering been exposed than that which the Mead committee of the United States Senate is now unraveling.

It rivals the embalmed beef scandal of the Spanish-American War when American troops died from the effects of food unfit for human consumption.

The Mead committee has revealed that American troops in this war died from the explosion of defective shells unfit for service, which never should have passed the inspectors.

It has shown a fantastic conspiracy to defraud the government with questionable characters receiving huge war orders obtained through the influence of United States congressmen, paid off with a share of the loot.

It has uncovered charges that other congressmen sold West Point and Annapolis appointments to the cowardly sons of rich men so they could evade military service.

The evidence indicates that the committee has barely scratched the surface. It should continue its work until every war profiteer has been exposed.

The FBI should take over from there and prepare charges that will punish these criminals. The charges should include treason and murder, because any man who sends defective materials into combat knows he is aiding the enemy and sacrificing the lives of American troops.

The Teamsters' Union has a vital interest in this case. We lost heavily during the war. Some of our members may have been among the soldiers wantonly killed when defective shells exploded in their faces. We had more than 100,000 men under arms in that conflict. They paid a ghastly price in killed and wounded.

Our members did not shirk their duty and stay home to make profits from the blood that reddened the Rhine. Every man answered the call. So far as we know, not a single man attempted to evade service as a conscientious objector—or as a conscienceless profiteer.

Even before Pearl Harbor, 1,700 of our members were in war service on the Burma Road, carrying supplies and ammunition to China. When the Japs cut off the Burma Road, hundreds of these men paid with their lives. How many we lost we will never know. They simply disappeared in the bloody cyclone of war.

The Teamsters knew what this war was all about. We were in it up to our necks. We are still printing our casualty lists and mourning our dead. Our wounded still suffer in military hospitals.

In the name of those men, this union demands that the investigation of the scandals uncovered by the Mead committee be pushed until every criminal who conspired against our members and their fellow Americans in service is put where he belongs.

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**INTERNATIONAL BROTHERHOOD OF TEAMSTERS  
CHAUFFEURS . . . WAREHOUSEMEN AND HELPERS**

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**Thomas E. Flynn, Assistant Editor**

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# U. S. Labor Is Chief Hope of World

## Strikes Are Steps Toward Inflation and Depression

By DANIEL J. TOBIN

The following Labor Day message was written by President Tobin at the request of the Bridgeport, Conn., Herald, for publication in that newspaper. It is an appropriate message for the general membership of this union and is accordingly transmitted herewith to them.

**L**ABOR DAY this year is no occasion for general rejoicing. The crisis which faces us is only slightly less serious than that of war. Indeed, there is no assurance that we are free from the shadows of war. Ugly clouds still darken the horizon.

We cannot speak with assurance for the future of labor until we are reasonably certain what the future holds for the world. The fate of labor is inextricably entwined with world events. What happens to the world happens to us, whether some of us try to close our eyes to it or not.

One serious encumbrance of labor today is the number of leaders who appreciate neither their responsibilities nor their opportunities. Many of them cannot, or will not, understand that on their shoulders rests to a large degree the future of the world.

If they succeed in kicking this country into a disastrous depression, the rest of the world sinks into it with us. Such a depression would unquestionably mean the collapse of every existing government—democratic, Fascist, Communist and monarchic.

The United States is the only nation today which has been able to preserve any semblance of a decent standard of living. On our continued ability to preserve it, and by preserving it to help other nations to attain it, rests the orderly recovery of the world from its harrowing ordeal.

To avoid the appalling penalty of failure, the United States must show leadership. It cannot show leadership with its citizens failing or refusing to cooperate with their government and with each other.

Many criticize our government for failing to speak the sentiments of its people. What are the sentiments of its people? Ask

a thousand persons and you get a thousand different answers.

In such a situation the solution lies with the leaders of various segments of the population. Business and labor, for instance. Too many leaders of both have viewed the end of hostilities as the signal to resume their private fight, interrupted by the Japs at Pearl Harbor.

They are shaking the tree of prosperity to knock down the ripening fruit. They had better beware lest they shake the tree so violently that they uproot it. Then there will be no more fruit for either.

I think it is fair to say, after viewing the inexcusable record of the last Congress, that both government and business have failed the people in this emergency. The record Congress made was the record that business, through its selfish lobbies, insisted that it make.

Few business or industrial leaders show any signs of realizing the imminent danger that hovers over the world.

That leaves labor as the only salvation.

If labor and industry plunge blindly into a battle with each other, we are all lost. We cannot afford to be goaded into suicidal action. The fact that business has failed is no excuse for labor to fail.

I am greatly encouraged by the number of labor men who realize that. I am disturbed, however, by the number who do not.

I believe that the rank and file of labor are becoming convinced that the remedy for our delicate economic condition lies in greater and uninterrupted production. That means men at work—not on strike.

Every strike today is a step toward infla-



tion—and depression. I do not mean to say that strikes can all be avoided. Business will see to that. By its determination to get more profits, it will force some strikes.

But the remarkable achievement of the American Federation of Labor in winning a billion dollars in wage increases without a strike is irrefutable proof that most strikes can be avoided.

If men can settle their differences while they are working, they are better off than trying to settle them when they are not working. In every long strike the workers lose more money than they can regain by months, and sometimes years, of work, even if they win all they ask.

Throwing men out of work for weeks over a difference of two or three cents an hour is an inexcusable hardship. The men can't

win. Such leaders do not deserve the positions they hold.

Fortunately, few of them are in the American Federation of Labor or the Teamsters' Union.

The policy of the Teamsters' Union is to remain at work under the best possible conditions we can obtain. Never should a strike be considered until all other methods of peaceful settlement have failed, and only then when the point at issue is of sufficient importance to justify the suffering that a strike always brings to those who participate in it.

Labor can save the United States from inflation if it stays on the job. If it saves this country from inflation, it will have done much toward stabilizing conditions throughout the world.

## By 1965 U. S. Will be Importing Half Its Oil

Within 19 years the United States will have so exhausted its oil resources that it will be forced to import half the oil it consumes, according to officials of the state department and the Army-Navy Petroleum Board.

This fact emphasizes the importance of President Truman's veto of the tidelands oil bill. Congress wanted to turn rich oil deposits under the ocean floor over to the states off whose shorelines they lie.

Behind this agitation were the big oil companies, anxious to exploit these vital natural resources. The oil companies knew it would be easier to exploit them by influencing state politicians than it would be to high-pressure the federal government.

So an obedient Congress passed a bill giv-

ing the states title to offshore oil deposits and relinquishing all claims of the federal government.

The supreme court will pass on this question since the veto of the bill.

Congress tried to take the question out of the courts and decide it in favor of the oil companies.

Fortunately, the President stopped this slippery deal.

The state department revealed that the clamor of the leading nations for oil is behind the unsettled and explosive situation in the Middle East, where Britain and Russia are maneuvering their troops.

Yet Congress would have jeopardized the dwindling reserves of the United States by turning them over to local politicians.

## They Won't Suck Their Thumbs, Mr. Banker

By January 1, the savings of 60 per cent of the people will have been eaten up by the rising cost of living. So says the First National Bank of Boston.

The bank does not deplore it. It suggests no remedies. It merely makes a business forecast in a cold-blooded manner.

Here's what it says:

"Buyers' strikes will not likely be effective until consumers are priced out of the

market through lack of purchasing power. This situation does not appear imminent, but bears watching. . . . The expected rise in the cost of living may exhaust by the end of this year the savings of those in the lowest 60 per cent of the spending group."

The bank is right when it says the situation will bear watching. Sixty per cent of the people are not going to suck their thumbs when they get hungry.



# 2,000,000 Children Are Still at Work

## Committee Demands Enforcement of Child Labor Laws

**W**HILE 1,000,000 war veterans are unemployed, more than 2,000,000 children between the ages of 14 and 17 are at work, many of them paid low wages for dangerous jobs in violation of child labor laws.

An effort to correct this condition is being made by the National Child Labor Committee, an organization of public spirited citizens with headquarters at 419 Fourth Ave., New York City.

The committee is carrying on a legislative campaign for state laws prohibiting child labor, and stricter enforcement of existing laws. This campaign will be supplemented by one for better educational facilities for children and federal aid for public schools so that poor sections of the country, like the South, will be able to educate their children instead of dumping them on the labor market.

The National Child Labor Committee has been fighting for 40 years to free children from exploitation in cotton mills, mines, sweatshops and other industries anxious for cheap labor.

Great progress had been made up to the outbreak of the last war, when the scarcity of labor caused a suspension of child labor laws. Instead of returning to school when the war ended, more than 2,000,000 children remained at work and employers continued to take advantage of lax enforcement.

The employment of inexperienced children has resulted in an alarming increase in industrial accidents.

Recent surveys by the committee revealed 24 children from 10 to 15 years old working

from 3 a. m. to 7 a. m. in a cold storage plant capping strawberries.

Many others were found working night shifts in bowling alleys, poolrooms, restaurants, parking lots and moving picture theatres.

The committee claims that the 20 per cent increase in juvenile crime reported by the FBI is caused by the employment of children on night jobs.

Their employment on day jobs has resulted in serious physical consequences, according to a survey of accidents involving children as young as 13 employed in the operation of dangerous machinery.

The Rev. Harry Emerson Fosdick, New York clergyman who is a backer of the National Child Labor Committee, declared that the greatest evil is the employment of children as migratory agricultural workers.

Dr. Fosdick asserted that while such children should be removed from employment, state and federal governments must accept the responsibility of educating them; rather than leaving them in idleness.

He said that the school system should be made sufficiently flexible to meet the needs of individual students and to train them for a livelihood.

Officials of the National Child Labor Committee plan to push their program in many of the state legislatures next winter.

In doing so they should receive the active aid of labor. The strengthening and enforcement of child labor laws should be included on the calendar of every Teamster local that sends legislative agents to its state capital.

## What Are They Planning? Operation Russia?

Selected army officers from the United States, Canada, England and other British Empire countries have been attending the first course of the "British Commonwealth Staff College," at Kingston, Ontario.

The purpose of this new staff college is to train the "brains" of the American and

Empire armies to think and act as one in the planning and waging of war.

Little is being said about the college publicly, but some other countries — particularly Russia — are probably drawing their own conclusions.

—The Chicago Union Leader.



# Be Kind to Germany, Wails Hoover

Would Bring Prosperity Around the Corner to Berlin

By LESTER M. HUNT

**H**ERBERT HOOVER has returned from a tour of the world with the warning that if we are too tough on the Germans there will be another "world explosion."

What does he think caused the last two explosions?

Certainly it was not being too severe on the Germans. We smothered them with kindness after the first world war. We let them rebuild their war industries and their armaments until they were ready for another war. Then they put the gun in our ribs.

It was Hoover, this present prophet of alarm, who also warned us against being tough with Germany in 1941 when she had once again set the world on fire.

President Roosevelt was attempting to prepare us for the inevitable attack by rebuilding the armed forces that Hoover had permitted to waste away.

Hoover resisted these efforts. Only six months before Pearl Harbor he issued another warning. He said:

"Does any sane person believe that by military means we can defeat two-thirds of the military power of the whole world, even in years and years? It would be a Children's Crusade."

Well, we did it, in spite of Hoover's fears and propaganda. We also did it in spite of Hoover. Hoover gave us no help in that hour of crisis. Instead, he actually hindered us by painting a picture of hopelessness.

Hoover's predictions ought to be old stuff by this time.

Remember when he put on his turban and saw prosperity just around the corner? We were all pretty hungry then and our shoes were thin.

This is the same Hoover who promised a chicken in every pot and two cars in every garage when he wanted to be President.

Remember that one?

Hoover was elected President largely on

the record he established as a great humanitarian by feeding the starving Europeans of the World War I era, at our expense.

But when hunger hit this country under Hoover's miserable administration, he cast aside his cloak of humanitarianism. He said the feeding of the hungry was a local problem. He shrugged off the responsibility of the federal government.

"Let them eat cake," he might as well have said.

They didn't eat cake and many of them didn't eat bread, either, until Hoover had gone his way, leaving little, shallow footprints on the sands of time.

Hoover, who wants to feed Germans but who would not feed Americans, now comes back from another trip to Europe with another effort to capture the headlines in the newspapers.

He says that Russia has Fifth Columns at work "spreading confusion" around the world. We can't recall that Hoover ever warned us of German Fifth Columns while Germany was making ready for one of her periodic wars of conquest.

How come he can see a Fifth Column now, when he couldn't see one then? Maybe he sees better at a distance. He saw people starving in Belgium when he couldn't see them in Baltimore.

And he couldn't see a German Fifth Column in Massachusetts. But he sees a Russian one in Moscow.

Hoover has evidently become the spokesman for a soft peace for Germany. He wants the nation to remain intact with its people well fed. He forgets that Germany voluntarily rejected butter for guns in deliberate preparation for World War II. Or does he?

Perhaps he is so afraid of Russia he wants to rebuild Germany as a military barrier against Russia. That's what a lot of French and British statesmen tried to do after World War I. They wanted Germany strong



enough to fight. But when she was, she didn't attack Russia. She attacked them.

What makes Hoover think that if we rebuild Germany now and give her the power to support her arrogance, that she will not fight us again?

How many times must we fight Germany before we cease patting her on the back and kidding ourselves that she is a peace-loving nation?

Didn't the Germans kill enough American boys in World War I and World War II without inviting her to try for a better record in World War III?

Hoover is alarmed because Russia is suspicious of the other powers. Why wouldn't she be? She has been invaded by the Swedes, the French, the British, the Germans, the Japanese *and the Americans*.

Maybe she is sick of fighting on her own soil.

The United States still cherishes resentment over its invasion by the British in 1776. Why should Russian memories, and Russian resentment, be shorter than our own, particularly when the invasions have been repeated by so many nations?

Perhaps, as Hoover says, the world is headed for a new explosion. But it won't be averted by Hoover and his wailings in the wind.

Neither will it be averted by pinning our hopes on Germany to save us. It will be hastened. Germany doesn't avert wars. She starts them.

The first order of business in the intricate task of liquidating this war without starting another is to put Germany permanently on the sidelines. Her ability to wage war should be destroyed, no matter how painful it is to the German people or to Hoover.

With Germany out of action the chances for another war are substantially less. And even if there is one, it will not be as cruel or as savage, if she is out of it.

Why should anybody think that in another war, Germany would be on our side? She never has been. She never will be.

If Hoover wants to do a good deed for somebody, let him go down to Georgia and Mississippi. They need help down there. There's a Fifth Column at work. Or is that one all right?

## Non-Union Worker Has No Independence

Nobody is more tyrannized, browbeaten, cheated and enslaved than the worker who has to depend for his bread and butter on the grace of an employer and the whim of a straw boss. Instead of being an independent, self-confident being, he is forced to be meek and submissive, for he has no say whatever over the conditions of his work and his livelihood.

All this has to be told and explained to the non-union worker. Confidence must be cultivated and true self-reliance must be taught him.

By persuasion, by persistence, by example he must be brought to learn the lesson we who are members of the union have long since learned, that there is no greater sense of freedom and dignity than the one we gain by pooling our strength in the organ-

ized community of our fellow workers.

In union there is not alone strength but also spiritual enrichment and the culmination of good citizenship. He walks with his head upright who knows that he has the respect and the esteem of his neighbors in the community, his associates in the craft.

It will be our endeavor to bring this lesson home to those who are still in need of it. We shall be opposed. Those who have selfish interests to serve and profit to gain by keeping the workers separate and disjointed will oppose us. They will call us agitators and trouble makers when it will be they who will be the real trouble makers. But the trouble makers will not discourage us and their opposition we shall overcome. Justice, good will and good sense are on our side and they shall prevail.—*Mobile Labor Journal*.

Let there be no mistake about it. Whether we like it or not, subsidies and effective price controls are indivisible. Without one we cannot have the other.

—*North Dakota Union Farmer*.



# Keep European Refugees Out of U. S.

## More Immigration Means Fewer Homes for Americans

**P**RESIDENT TRUMAN has announced that he is considering asking Congress to admit European refugees into the United States, regardless of existing immigration quotas.

With all respect for the President's praiseworthy motives and his desire to relieve human misery, Congress should promptly reject any effort from any source to relax the immigration laws.

If anything, they should be made more stringent.

The United States has entered a very critical period. We have economic problems of terrific magnitude to solve. It will require all the intelligence our citizens possess to solve them without grave consequences and great suffering.

Frankly, we do not know whether our economic system will stand the shocks that appear to be in store for it. We are in an inflationary spiral, which, if not checked, will lead inevitably to a disastrous depression.

Out of such a depression anything might emerge.

With the possibility of large unemployment ahead, it would be the sheerest kind of folly to invite the refugees of the world to pull their chairs up to our table to share the meager fare that may be in store for us.

The influx of hundreds of thousands, if not a million or two Europeans and Asiatics, would depress our standard of living, decrease our employment and increase the dangers that confront us.

It is all very well to argue that we should admit only a few thousand of this race or that. It will not end there. In fact, it would not settle the refugee question to admit only a few to the United States. What about the rest?

The pattern of every past attack on our immigration laws has been to admit "only a few" Hindus or Chinese or others. As soon as we have admitted them, the argument is made that we are discriminating against

other races by not admitting them, too.

This magazine forecast at the time it was proposed to repeal the bans on Oriental immigration that it was just a forerunner of similar attempts in behalf of other races. That is why we opposed it. That is why we continue to oppose it.

We are now asked to admit some 50,000 homeless Jews whom the British do not want in Palestine and who have been persecuted by the Germans, the Poles and others.

It is an embarrassing request because anyone who protests runs the risk of being branded as anti-Semitic by those who agitate to lower our immigration barriers.

But even as the request is made for the Jews, the admission is made that "other Europeans" should be admitted as well. What others? Where from? How many?

Those questions are not answered. Instead an appeal is made to the natural human instinct and American soft-heartedness to lessen the suffering of persons who have no homes.

So far, however, we have been unable to provide our own war veterans with homes. Millions of our citizens are desperately searching for homes. Never have the American people been so crowded. They are doubling up and living under conditions which aggravate our crime and divorce rates. We have vast social problems to solve as well as economic problems.

The importation of thousands of foreigners will mean either that they force Americans out of their homes or they will have no more homes here than they had in the lands they came from.

It will not relieve the plight of the refugees to bring them into a nation that cannot house even its own people, and that is the condition in the United States today.

Neither can the United States employ all its own people. A million war veterans, exclusive of the millions who returned to school, are unemployed. So are a million



other persons. That means that if we import foreigners, they will either take the jobs of Americans now at work, or they will become public charges.

In either case, the number of unemployed will be increased and the drain on American finances will become more acute.

Organized labor is working against great odds to maintain the American standard of living. The odds are increased as jobs become scarcer.

A European refugee would work for a half, or a third of the union scale in most industries. It would look like big money to him. And with thousands of persons fighting for jobs at less money, how could the unions maintain their wage scales?

If Congress admits several hundred thousand Europeans, it will then be urged not to "discriminate" against Orientals. The prop-

aganda will then begin in behalf of the starving Chinese, the oppressed Hindus and the rest of the Oriental hordes eager to sweep this country like a tidal wave.

If it were possible for Congress to relieve the unfortunate condition of Europe's refugees by admitting them to this country, the question might be debatable. But that would not relieve it. We would merely have adopted Europe's headache and transported it to the United States. It would then be our headache—one more added to the many we already have.

The plight of the displaced persons of Europe cannot be corrected by one nation. It will require international action. Why not settle them all in Germany? After all, Germany is responsible for their predicament. Let the Germans move over and make room for the people they made homeless.

## Sen. Aiken Blasts Railroad Lobby

SENATOR GEORGE D. AIKEN of Vermont charged recently that American railroads "in concert with the Association of American Railroads, and working through non-railroad people, chambers of commerce, traffic clubs, tax organizations and other groups," are employing "subterfuge to make it appear there is country-wide opposition to the St. Lawrence waterway."

Senator Aiken said the tactic of having "so-called 'outside organizations' aid the vested interests in their propaganda campaigns has undoubtedly reached such a serious stage as to have become a new and menacing threat to the general welfare of the nation.

"Like the power lobby," he declared, "the octopus-like railroad lobby with its far-reaching tentacles, works through a veritable maze of organizations."

The liberal Republican pointed to a statement by Chairman Robert R. Young of the Chesapeake & Ohio Railway Co. last June 16 that "Bankers . . . they're the trouble with a lot of railroads. I've just figured out that 79 per cent of the boards of directors

of the country's solvent Class I railroads are affiliated with financial institutions. Of the 10 major railroads that I call the J. P. Morgan roads, 86 per cent of the directors are so affiliated. Of the six major Kuhn, Loeb & Co. roads the percentage is 89."

Aiken said the railroads have retarded development of American intra-coastal and inland waterways and that despite a potentially fine system of navigable rivers, the backward policy "pursued by this country is in sharp contrast to the progressive policies of other countries of the world. For example, the Rhine and the Danube were literally arteries through which the life blood of the Axis economy flowed. The importance of the Volga to Russia was clearly demonstrated by her heroic stand in defense of that lifeline at Stalingrad.

"The whole gist of the point that I am trying to make is that railroads have put a brake on transportation progress, and that their monopolistic practices should not be allowed to continue to the detriment of other forms of transportation and to the detriment of the national welfare."

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The right to strike is as fundamentally American as the right of free enterprise.

—*The Bridgemen's Magazine.*



# National Employer Strike Proposed

## Southern Textile Journal Urges Revolutionary Program

A NATION-WIDE strike by employers against organized labor and the Wagner Act is proposed in an astounding article in the *American Wool and Cotton Reporter*, a leading trade journal of the textile industry, published in Atlanta.

The journal further advocates open defiance of the federal laws by employers acting together to set arbitrary wages and conditions agreed on by the employers without consideration of minimum wage laws or union contracts.

"It might be illegal, according to the Wagner Act, but what of it?" demands the voice of the textile industry.

Here's what the magazine said about it:

"Why can't we have collective bargaining by employers? For instance, why couldn't all the cotton manufacturers in Bristol county, Mass., sit in together and bargain collectively together and set exactly the wages that every mill in Bristol county will pay for card strippers, or grinders, or spinners, or weavers, set the machine load and set the hours of operation.

"Or have the entire cotton textile industry of the U. S. agree to such protective collective bargaining.

"Now would be the time to do it. The Truman administration, even at the instigation of fellows like Wagner, Hillman, Rieve, Salerno, Murray and all of that ilk, couldn't put the whole industry into state's prison.

"Now would be the time to do it because the administration couldn't go ahead and import cotton goods from any other country in the world.

"In such a contest the mill owners would win out, as they should win out. It might be illegal according to the Wagner Act—but what of it? Now is the time to do it. John Lewis would do it if he were the cotton manufacturer. Philip Murray would do it if he were the cotton manufacturer. Hillman would do it if he had the opportunity.

"We can only clean up the present

rotten situation by some drastic action. It probably will come about by a general strike that will so annoy and punish the 130 million people of the U. S. that they will become active. It will be better for the country all around to do it industry by industry. Let the textile employers get together and set the wages and the loads and the production demanded and then if there is any trouble let every employer go on strike."

There we have the policy advocated by the cotton industry in the South. It is completely in accord with the sentiments of this industry, as we have learned by experience. But never before has such a statement been printed for national circulation to set a pattern for industry throughout the country.

It means that this spokesman for the cotton industry would shut down every plant in the United States to nullify a federal law enacted by Congress for the benefit of the majority of the American people.

In effect, it says that the South should force its will on the rest of the nation even by revolutionary tactics.

Does the *American Wool and Cotton Reporter* propose to open fire on Fort Sumter again?

The article is typical of the opposition organized labor is encountering in its campaign to organize the South. It is typical of the small-minded men who have made the South a social desert, poisoned by its prejudices and still living in the dark shadows of a mouldy past. These are the men who elect the reactionary congressmen and senators who have so far failed to destroy labor despite their determined efforts.

These are the men who sell us the cotton for our shirts and underwear and sox, at constantly increasing profits.

You can stop them in their tracks if you reduce your purchases of cotton products to the absolute minimum.

That is not only legal, but logical. That's



more than we can say for the program of the cotton industry as expressed by the *American Wool and Cotton Reporter*.

We are opposed to revolutionary pro-

grams, whether they are fostered by the Communist party or the cotton industry. The two are not so far apart. They both favor the general strike.

## Bilbo Boasts Membership in Klan

Talmadge Says He Will Let Klan Enforce Law in Georgia

**T**HE vultures soar high in the southern sky over Mississippi and Georgia. The Ku Klux Klan is riding again.

Theodore G. Bilbo won the senatorial election in Mississippi and Eugene Talmadge won the gubernatorial election in Georgia.

Bilbo now announces publicly that he is a member of the Klan and boasts that one of its local out-houses is named after him.

Talmadge softly denies that he is a Klansman but announces that as governor he will turn over the police to the Klan.

Already, before these men start their new terms of office, mob law and murder are flaming behind the shrouds of the Klan.

In Mississippi a Negro accused of stealing a saddle was kidnapped and beaten to death by a band of thugs. Death is a high penalty for petty theft. But it developed after the Negro was killed that he didn't steal the saddle. That made no difference. The saddists had had their fun.

In Georgia a Negro was beaten by another gang claiming to be Klansmen because the Negro had joined an AFL union. Also in Georgia two Negroes and their wives were lined up and shot down in cold blood by another gang.

Talmadge says that such atrocities will become rarer when he is governor. How does he propose to stop them by turning law enforcement over to the Klan?

The truth is that such outrages are incited by the political campaigns of men like Bilbo and Talmadge. When they are victorious, the mobs celebrate with new violence and new boldness.

The mobs that murdered five Negroes did not even wear masks. They felt safe. They expected Bilbo and Talmadge to pro-

tect them. Why would they worry with a brother Klansman in the United States Senate from Mississippi and a Klan sympathizer in the governor's chair in Georgia?

Bilbo's announcement of his Klan affiliation broadcast over the radio may stir the Senate to action. Bilbo previously disqualified himself by violating the federal constitution during his campaign.

He intimidated Negroes from voting through fear of their lives. The Senate can refuse to seat him. It should do so. Whether it will or not is another matter. After seeing some of the characters the Senate has seated, the chances of unseating Bilbo do not appear overly bright.

Also, the reactionary coalition of northern Republicans and southern Democrats which runs the Senate needs Bilbo's vote. Bilbo usually votes with this coalition. Therefore the laws enacted by the Senate are those, largely, of which Bilbo approves.

The Senate is controlled by men who think like Bilbo on legislative matters. They may not be Klansmen but they vote like Klansmen. What difference does it make if they do not belong to the Klan as long as they vote as Klansmen vote?

The Klan would be the last to protest.

Perhaps that is why Bilbo has become so arrogant and boasts of his Klan associations. Perhaps he thinks the Senate doesn't dare kick him out. Or maybe he is convinced that it doesn't want to kick him out.

Bilbo has handed the Senate all the evidence it needs to unseat him as a man unworthy to sit in that once august body and as disqualified to enact laws protecting all the people.

What will the Senate do with this evidence?



# Wage-Price Race Means Inflation

## Business Can Avert Disaster by Opening Its Books

**B**USINESS is now in a dither over the prospect of a paralyzing inflation caused by the competition between prices and wages.

It says this must be prevented. And with ponderous solemnity business says the way to stop it is to keep wages from rising. Business is not worried about increasing prices. Only increasing wages.

Business seems to have learned nothing from the last depression, the last war, or even from last month.

Its high-priced economists apparently are hired not to tell business the fundamental facts of economic life, but to tell business what it wants to hear.

So they go into a brainstorm and come out with the solution—keep wages down.

Business then spends thousands of dollars propagandizing the public. It points to labor as the villain in the tragedy of inflation.

The country will be saved, it says, if labor can be prevented from obtaining more money.

The Teamsters' Union has some pretty good economists of its own, but it doesn't need to consult them for the answer to a question as simple as that over which business is making its outcry.

The answer is that neither wages nor prices can rise to abnormal heights without carrying the other with it. If wages rise to the point where they eliminate profits, prices must go up. And if prices rise to the point that people can't buy what they need, then wages must go up.

This problem cannot be solved by looking only at one side of it, as business is doing. Labor is looking at both sides, as evidenced by its determination to strike a fair balance between wages and profits.

A wage increase that brings inflationary price increases is no increase at all. Instead, it is a decrease in wages. Labor does not want to be paid off in more dollars if they buy less. That is what always happens in

an inflationary period when wages chase prices. Wages never catch up.

Eventually money becomes so worthless that it won't buy anything. Then industry collapses and we have a depression.

President Roosevelt led business out of such a depression when he took office in 1932. It was costly to business because business was forced to pay the taxes necessary to feed millions of idle, hungry people who were rapidly losing faith in democratic free enterprise.

Once business was rescued from the peril that threatened it, it began to lament the cost of its salvation and spent the last decade cursing the President who saved free enterprise.

Roosevelt won't be able to save business next time. There won't be another Roosevelt in the next smashup. Business must save itself. The best time to do that is now, by an honest analysis of the industrial structure and the determination of what amounts to a reasonable profit.

When the war ended, labor was forced to take a cut in its take-home pay. But it still paid the same old prices. That made profits still greater, for business.

Even then, business was not satisfied. It went on strike. It refused to sell its products. It stored them in warehouses and created acute shortages. It then blamed these shortages on "bureaucratic bungling" and said the only solution was to get rid of the OPA and let business set its own prices and profits.

In this campaign the National Association of Manufacturers opened its treasury to flood the country with propaganda. In June, only a few days before the OPA was strangled by the NAM bubble dancers in Congress, the *Chicago Tribune* carried a full-page advertisement of the McGraw-Hill Publishing Company.

This advertisement, looking ahead to the



death of OPA, quoted "careful and competent forecasters" as forecasting that if all price controls were repealed, the cost of living would increase 25 per cent in a year.

Instead, it went up 25 per cent in a month. That shows how accurate this type of propaganda has been. The "careful and competent" men quoted so expensively by the McGraw-Hill Company were only 91.67 per cent wrong. We got in one month what they predicted in 12.

Labor has never challenged the right of business to make a reasonable profit. It never will. Because wages depend on profits. If there aren't any profits, there aren't any wages.

But business has repeatedly refused to discuss this matter openly. It has consistently concealed its profits and juggled its statistics. It could have averted the last automobile strike if it had opened its books. The union could also have found a way to avoid that strike. They both blundered.

Business says its profits are its own private affair, that labor has no right to know how much money it makes. But business knows how much labor makes. Every time labor meets with management it is under a disadvantage. It knows only one side of the story, while management knows both.

And when labor becomes desperate in the face of continuous evasion and double talk, business says it is unreasonable. It claims labor is asking wages that will ruin business. But still it doesn't open its books.

How does anybody know whether a wage demand is reasonable or unreasonable until he knows what profits business is making? Labor is constantly forced to act in the dark, ignorant of the true facts which business conceals from it.

It is an established fact that industry made billions of profits during the war de-

spite the restrictions of OPA and other federal agencies'. It made a fortune under OPA.

Yet whenever labor obtained an increase, business forced prices up. Business used every wage increase as the excuse for a price increase. It was not content with reasonable profits.

With that kind of hogwash being put out by business, how can we expect any accurate information from that source?

The trained seals make noises but they don't mean anything.

Without accurate information there can be no reasonable adjustment of the differences between business and labor. The tension becomes more acute and finally, when labor has lost all confidence in the honesty of business and all hope of a fair settlement of its problems, there will be strikes—dangerous strikes.

Strikes will further complicate the delicate economic situation. They will aggravate shortages and inflate prices. Labor will suffer and business will suffer. Inflation and depression will move nearer.

Business can stop these strikes now. It can restore public confidence and make labor more productive.

It cannot do this by repeatedly blaring that wages must be kept down. It can do it only by submitting to reasonable profits. It doesn't require legislation to determine a fair profit.

All business needs to do is to open its books and show what its profits are. The public will recognize a fair profit. And labor will adjust its demands to that fair profit.

Wages can go up without increasing prices, if business will only tell us on what profits the prices are based.

How about it, Mr. Business Man? Or is that too easy? If you want to do it the hard way, you may not have long to wait.

## 8,120 Are Killed on U.S. Highways in Three Months

The National Safety Council reports that in the first three months of this year 8,120 persons were killed in traffic accidents.

Traffic accidents took the lives of 2,670 persons in March alone—an increase of 39 per cent over the same month of last year.

March reports of 383 cities showed an

increase of 11 per cent in traffic deaths over 1945.

On the basis of the three months' toll and current seasonal trends, it is believed that 1946 is certain to bring more than 38,000 traffic deaths—unless drivers and pedestrians call a halt.—*Baltimore Federationist*.



# Labor Costs Sink as Wages Rise

## Dairyman Discovers Greater Production Absorbs Increases

**D**ISCOVERY that the cost of labor has gone down while the wages of labor have gone up has just been made by the Franklin Cooperative Creamery Association of Minneapolis.

The reason for that is increased production, according to Chris Ellingsen, editor of *The Franklin Cooperator*.

The discovery was the outcome of a survey by the creamery association following a controversy involving the Twin City Milk Producers' Association, the Minnesota Farm Bureau, the Land o' Lakes Dairy and Local No. 471 of the Teamsters' Union.

The producers, the Farm Bureau and the dairy sponsored an advertisement in the daily press contending that in spite of the all-time high prices for milk, the farmer received only 53 cents per hour.

Answering the inference that organized labor was to blame for the high prices, Local No. 471 put in an advertisement claiming that the wages of its members are not responsible for high milk prices.

Mr. Ellingsen then undertook a survey of his own business to determine the facts. He stated them in the July issue of his publication.

Present milk prices, he said, will force many consumers with large families to reduce their purchases of milk, which thereby reduces the amount of milk consumed by the children.

This fact was emphasized in the August issue of *THE INTERNATIONAL TEAMSTER*.

Mr. Ellingsen further found that farm prices have risen consistently since 1941, as have wages. He approves. He reaches the significant conclusion that there must be a balance between farm prices and wages to sustain the industrial structure which provides both farm and labor income.

Following are Mr. Ellingsen's interesting remarks:

"For the sake of making comparisons we went to the files to look up the bills we paid the farmer producers for milk in the month

of July, 1941, and also the payroll for that time.

"We got a shock, not because of the difference in the prices and wages paid then compared with present prices, but the fact that we have been able to stay in business.

"In July, 1941, we paid the farmer \$2.10 per hundred-weight for milk.

"In July, 1946 (July 10) the price stood at \$4.45 per hundred-weight—an increase in price of 111.9 per cent. (Under the federal marketing order we do not know before the end of the month the price we will have to pay the farmer for his milk because the marketing order tabulates the price we have to pay on a basis of the New York butter market; or the dry milk prices, whichever is highest.)

"In July, 1941, we paid the farmer 43.6 cents per pound for butterfat.

"In July, 1946 (July 10), the price stood at 96 cents per pound—an increase of more than 120 per cent. (Again we will not know before the end of the month what the final price will be.)

"While the farmer has increased his income, labor has gained, too. The minimum wage in 1941 was \$36 per week; compared with a minimum wage in 1946 of \$49.50; which to labor is an increase in income of 37.5 per cent before tax deduction.

"Labor cost to the creamery has increased more than that, however. In 1941 the worker put in a 44-hour week at an hourly rate of 81.82 cents per hour; whereas the hourly rate in 1946 is \$1.2375 for a 40-hour week—an increase in cost to the company of 51.135 per cent.

"While the hourly rate of pay has gone up to the extent just stated, the production cost per unit has not gone up, due to increased efficiency in handling.

"Labor cost in 1941 consumed 32.24 cents out of each dollar income, and in May of 1946, the first month under the new wage scale and 40-hour week, the



labor cost per dollar sale was 27.7 cents.

"We cannot help but feel that both labor and the dairy industry have done as good a job as possibly could be expected of anyone.

"We also feel that when increased wages do not involve an increased cost to the consumer, the wages are justified and an essential media to keep the wheels of our industry as well as the prosperity of the farmers at a high level.

"The wages of the city worker and the income of the farmer that may have given them a fair amount of prosperity in the horse and buggy days, surely are not adequate to sustain the mighty industries of modern times with their thousands of new products looking for a market.

"The thing to do is to find the point of equilibrium where workers' wages and farmers' income can sustain the giant we have built ourselves."

## GOP Ungrateful to Democratic Stooges

**R**EACTIONARY Democrats in Congress who have provided the votes with which the Republicans scuttled all progressive legislation, have learned that the Republican party has no gratitude.

These Democrats will not win Republican support for their Republican voting record. Instead the Republicans are out to defeat them.

This news came from the new national chairman, former Congressman B. Carroll Reece, the Tennessee banker.

Writing in a recent issue of *The Republican News*, Reece asked for the defeat of all Democrats, regardless of their reactionary record. He probably figures that no Democrat could be as reactionary as a Republican, even with the long practice some of them have had.

Here's what he told the Republicans of the nation:

"Republicans throughout the nation should keep that thought in mind as the

campaign progresses this year. They should remember that the election of a Republican Congress means the election of a Congress in which Republicans—*real Republicans*—control both the Senate and the House of Representatives.

"There is in some quarters too much of a disposition to look with favor, or at least with toleration, upon the election of Democrats who are willing occasionally to vote with Republican members on controversial issues. It is, of course, flattering to Republicans to receive such evidences of support from patriotic Democrats.

"But the support which Democrat members are able to give is of no assistance whatever to the Republican party in exercising effective control of the legislative branch of the federal government.

"This is the year to elect a Republican Congress. Let's make sure that it is composed of Republicans and of substantial majorities of Republicans in both houses."

## Labor Unions Must Keep Their Contracts

A union agreement has taken on new significance in the last 20 years because it has been endowed with public interest. A union contract must be kept religiously if it is to be of any significance to collective bargaining.

During the recent wave of strikes there were . . . instances where unions . . . broke their contracts with the employers. This has been done for advantage but it cannot be condoned. It should be seen for what it is, a deliberate undermining

of the union movement with all it stands for.

Employers have a right to complain against unions when they do not keep the letter and spirit of a contract. If the contract represents a monetary disadvantage it still should be kept. Nothing but chaos can be created by the breaking of contracts. A union forfeits the respect of the employer and of the public if it breaks the contract, and one such disruption of word and bond gives the union a black eye for a generation.

—*Journal of Electrical Workers.*



# FBI Investigates War Scandals

Senator Says Railroad Officials in Uniform Bilked U. S.

*By the Federated Press*

**I**t's open season on war contract profiteers in the national capital, with the FBI joining the Senate's Mead committee in forcing out the sordid story from a tangled skein that will soon be exposed to public view.

While the headlines went first to the dancing generals and Congressman Andrew J. May of Kentucky for their part in the Garsson munitions scandals, actually the bigger fish haven't yet been hooked.

Among the other subjects soon to be aired by investigators is the famous Canol oil project—a wartime extravaganza that was to have cost the nation an estimated \$14 million, but wound up with an outlay of \$45 million.

There's also the probe of the pre-Pearl Harbor construction work in Hawaii, with a confused picture as to the exact role of Col. Theodore Wyman, who was in charge. The Wyman probe involves such characters as the American Fascist, George Sylvester Vierick and the California state un-American activities committee. Both Vierick and the "Little Dies" committee are out to smear Wyman, and both have been aided by General Counsel H. Ralph Burton of May's House military affairs committee.

The Wyman case will be opened soon by a sub-committee Mead is sending to Hawaii.

Down in New Orleans, the Department of Justice has started an investigation of Boatbuilder Andrew J. Higgins, whose firm is accused of making false and fraudulent claims against the government.

Higgins hotly denies the charges as "bar room gossip," and promises a showdown.

And another war-made giant, Henry J. Kaiser, is the target of a similar investigation. Its announcement was roundly cheered by the GOP and those who bitterly fought the New Deal program.

Kaiser replied with a statement that he is ready and eager to testify and that he wants to tell the country "the real story, which has

never been heard before." The West Coast industrialist wants a congressional examination of the steel industry. Among the questions Kaiser wants answered are these:

1. Why the U. S. Steel Corporation spent \$200 million of the government's money to build its Geneva, Utah, plant and then bought it back for 20 cents on the dollar.

2. Why the government furnished the steel corporations over \$1 billion for steel facilities—and the corporations refused to take a dime's worth of risk on these same steel facilities.

3. Why the steel corporations weren't required to pledge their profits on war contracts and Kaiser was forced to pledge his, just to get the steel to build ships.

4. Why they protect those who control the basic materials and attempt to punish those who are fighting monopoly.

As these inquiries are being set up for future hearings, Attorney General Tom Clark announced that the FBI and a team of lawyers from the war frauds section of the Department of Justice are aiding the Mead committee in its continued investigation of the widespread Garsson interests.

Another possibility for future inquiry was raised by Senator Glen Taylor of Idaho, who has alleged that railroad executives in army and navy uniforms approved excessively high rates during the war for government traffic—and that they have since returned to their old employers and been rewarded with promotions.

The rate-fixing Association of American Railroads, which holds the Interstate Commerce Commission practically powerless, has made a blanket denial of the Taylor charges, but an inquiry into the facts is certain to be made. Senator Taylor documented his statement with names of the officers and the railroads to which they returned after serving terms of military duty as transportation rate experts.



# Milk Driver Is Honored in Death

## Pasteur Medal Awarded Widow of Pittsburgh Teamster

FOR the first time in the history of the award, the Pasteur Medal given by the National Milk Industries Foundation for outstanding service was awarded posthumously in Pittsburgh recently.

It went to Leonard Evans, a member of Local No. 205, who was a driver for the Meadow Gold Dairies, Inc., of Pittsburgh. Mr. Evans lost his life last November while

going to the aid of an injured motorist.

The award of the medal was made to Mrs. Evans by Mayor David L. Lawrence of Pittsburgh in a radio ceremony which drew a large listening audience and emphasized the high calibre of men who serve the public as milk drivers.

The script for this unusual radio program honoring a fine Teamster follows:

ANNOUNCER, STATION WCAE — Good afternoon, ladies and gentlemen.

We are speaking to you from the office of the Hon. David L. Lawrence, mayor of the city of Pittsburgh. The occasion is the awarding of the Pasteur Medal, presented by the Milk Industries Foundation.

This year the Foundation has selected Mr. Leonard Evans, a Meadow Gold Dairy milkman, as the recipient of the award. Mayor Lawrence will make the presentation to Mrs. Leonard Evans, widow of Mr. Evans.

Last November 23, while carrying out his duties of serving his milk route, Mr. Evans sacrificed his life while giving aid to Frank Serra, whose car had overturned on an icy pavement. Mr. Evans halted his truck and immediately went to Mr. Serra's assistance. While carrying the injured Mr. Serra across the highway, they were both struck by a car approaching from another direction. Mr. Serra escaped further injury, but Mr. Evans was killed.

Now, here is the Hon. David L. Lawrence, mayor of the city of Pittsburgh.

MAYOR LAWRENCE—Mrs. Evans, I have been asked by the Milk Industries Foundation of the United States to officiate here today in pinning on you a medal posthumously given by this organization, as a result of the heroic sacrifice made by your husband last November 23, when he sacrificed his life while aiding Frank Serra at the scene of an automobile accident in Baldwin

township where, in the rounds of serving his milk route, your husband witnessed Mr. Serra's car overturn on an icy street.

Your husband parked his car and immediately went to his aid. While returning across the highway with the injured Mr. Serra they were struck by another vehicle and Mr. Evans was killed. Your husband is a hero. . . . We here in America, and in most places, think of heroes only as soldier heroes . . . but here is a real civilian hero . . . who sacrificed his life in the effort to save the life of some other woman's husband, and some other children's father. . . .

ANNOUNCER—Thank you, Mayor Lawrence.

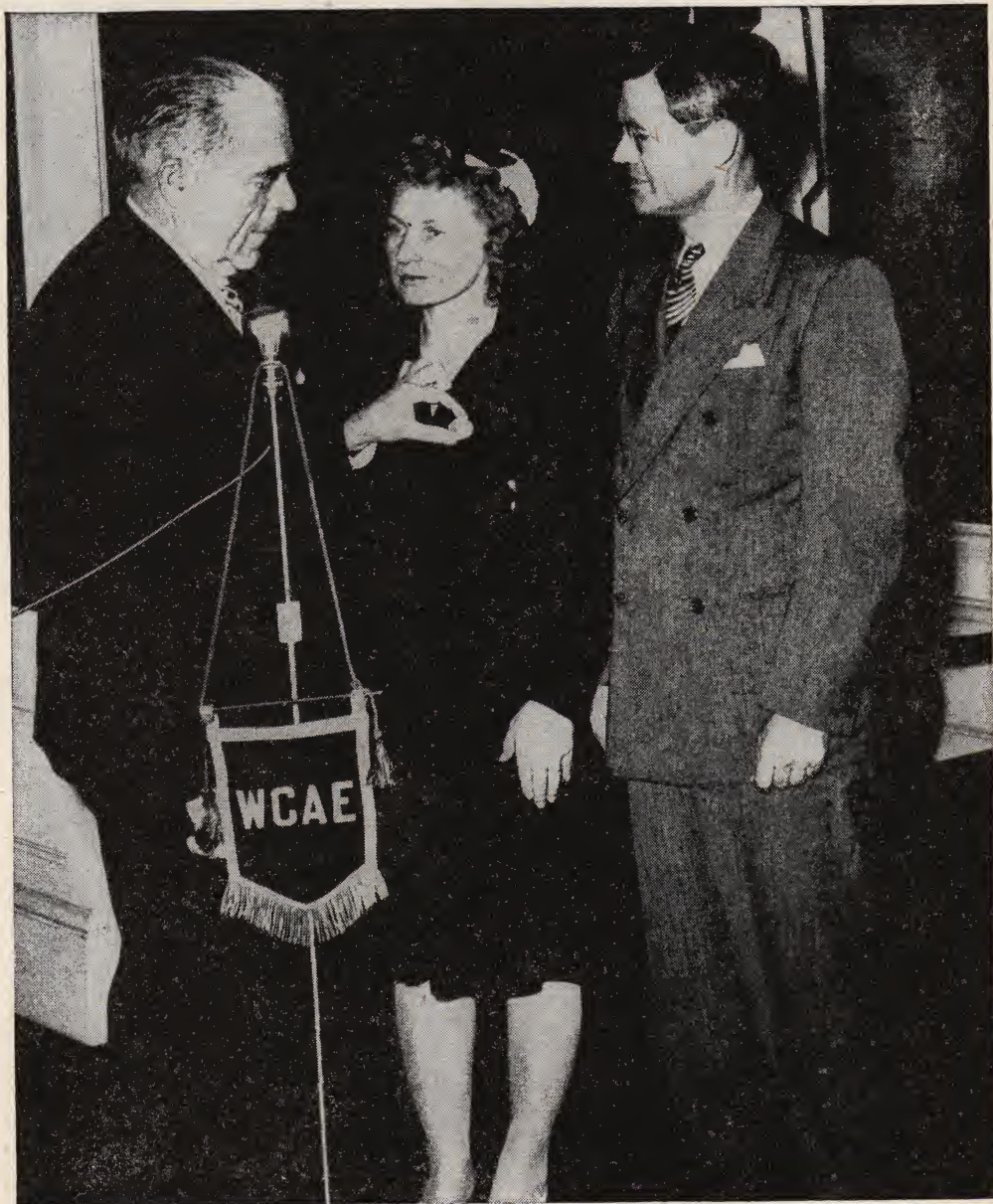
MAYOR LAWRENCE—Ladies and gentlemen of the radio audience, this is a rather significant ceremony here today. As you perhaps read in the newspapers, a mayors' safety conference will be held here in the city of Pittsburgh, and at this very moment in the adjoining room to the room from which I am speaking to you, the committee in charge of that affair is meeting, mapping out plans.

This meeting is the result of a meeting called recently in Washington by President Truman and the National Safety Conference, in an effort to keep down accidents, particularly on the highways of the United States.

I, as the mayor of Pittsburgh, am calling together representative citizens of this city from all walks of life to this conference so



# For GREAT SACRIFICE!



**AWARD TO WIDOW**—Mayor David L. Lawrence of Pittsburgh is pictured pinning on Mrs. Leonard Evans the Pasteur medal awarded by the Milk Industry Foundation. It honored her husband, who lost his life last November saving an injured motorist. At the extreme right is Alvin J. Klaxton, representing Mr. Evans' employers. The presentation was made in a radio ceremony.



that we, in turn, may do something to lessen the accidents and the injuries on the highways in and about the city of Pittsburgh.

I want to say, in closing, that I trust each and every one within the hearing of my voice will join in that effort to the end that this reckless driving we see on all the highways hereabout will be minimized, and the loss of life will be lessened, and we will have fewer accidents. . . .

ANNOUNCER—Ladies and gentlemen, you have just heard the presentation by Mayor David L. Lawrence of the Pasteur Medal, awarded to Mrs. Leonard Evans, widow of Leonard Evans, a Meadow Gold Dairy milk man, who, while in the performance of his duties, lost his life aiding an injured man, Frank Serra, last November 23.

The awarding of the Pasteur Medal to Mrs. Evans was made by the Milk Industries Foundation.

## Teamster Gold Stars Now Total 525

Gold stars on the Teamster honor roll of sacrifice now number 525. Four more war deaths were revealed last month as reports continue to come into International headquarters from local unions and from the families of fallen Teamsters who want their names recorded with other heroic members of their union. They follow:

FRANK T. LEE, Local No. 85, San Francisco. He was a member of General Patton's Third Army, serving as a truck driver with the 136th Quartermaster Truck Company of the 90th Division. He was killed on a return trip from Frankfurt, Germany, according to his father, Marvin P. Holloway.

SGT. GEORGE R. WARD, Local No. 241, San Francisco. He was killed by the Germans on Easter Sunday, 1945, while crossing the Rhine in a small boat, President T. E. Olsen of his union reported.

SEAMAN 1C DAVID F. HALPIN, Local No. 251, Providence, R. I. He was originally reported missing when his ship, the *USS Franklin*, was hit by a Jap suicide plane 60 miles off the Jap coast on March 19, 1945. Now the Navy has informed his wife that he is presumed to be dead.

HUBERT WALL, JR., Local No. 639, Washington, D. C. His mother reports that he was killed in December, 1944, but gave no further details.

## Employers Flout Wage and Child Labor Laws

Wholesale violations of the minimum wage and child labor laws are indicated by the recent report of Thomas O'Malley of Chicago, regional director of the Department of Labor for the wage-hour and public contracts divisions. His report shows that for the year ending June 30, in the states of Illinois, Indiana and Wisconsin, 35,000 workers collected \$2,436,071 in back wages due for failure of employers to pay the 40 cents per hour minimum or time and one-half for work beyond 40 hours in one week.

In the same states, employers paid penalties totalling \$108,820 for the year for working children under 16 years old.

The chiseling employers were caught by federal inspectors, who made 5,850 inspections during the year.

"The astounding condition revealed by these inspections is the fact that, despite generally believed high wage levels, many employers are still failing to pay the modest 40 cents per hour required by the wage and hour law," Mr. O'Malley declared.

If conditions in Illinois, Indiana and Wisconsin are typical of those elsewhere in the country, workers are being robbed on a gigantic scale.

No wonder employers resent federal "snoopers" coming into their plants. Without these "snoopers" there would be no penalty whatever for this grand larceny and no protection for the underpaid workers unless they all joined unions.

That's why these employers fight the unions, too.



# AFL Wins Billion Without Strike

## Unions Outside AFL Caused Break in Price Ceilings

**C**HARGES that irresponsible action by unions outside the AFL caused the first break in price control are contained in the August release of Labor's Monthly Survey, published by the American Federation

of Labor. It reviews the consistent progress made by AFL unions in increasing their wages without strikes.

Following is the highly significant analysis of the AFL:

Since V-J Day, the American Federation of Labor has made an outstanding record in sound industrial relations. We have won gains in yearly income for American workers totalling well over one billion dollars, and these gains have been won entirely without strike.

Our study of wage gains is not complete, and this figure includes only those wage gains on which we have accurate information. It does not include health and welfare plans, bonuses, vacations, etc., which would add millions more dollars of value.

Moreover, the thousands of collective bargaining negotiations which won these gains have built up better relations between our members and their employers. This achievement is important at a time when Communists have just published their new "line" dictated from Moscow committing American Communist Party followers to "mobilizing the people for struggle." The AFL has always insisted on the workers' fundamental right to strike and fought to preserve it, but we condemn its misuse as a political weapon. The strike is to be used only as a last resort when genuine collective bargaining breaks down.

Today all Americans are being penalized because a small portion of American workers used the strike for political purposes last winter. At that time AFL unions were negotiating substantial wage increases without strike and without breaking price ceilings, winning lasting gains for workers.

But unaffiliated unions used the strike to force the government dictated wage-price formula of February 14 which broke price ceilings.

From then to June 30, OPA granted 504 industry-wide price increases, and individ-

ual increases of some 11,500 companies. Wholesale prices rose 4 per cent from February through June.

These price increases, of course, forced retail prices upward at a slightly later date, so that cost of living had already risen 3 per cent when OPA expired on June 30, and the rise was gaining speed. Wholesale prices rose faster in July but many exorbitant prices have already been forced down by normal reactions of the free market. This wholesale price index, with farm prices excluded, shows a trend which will in part be carried into the retail prices workers pay.

Practically the entire living cost rise has occurred since the steel workers forced the price ceiling break in February, and as a direct result of that break. As we pointed out then, the February 14 order brought a flood of demands for price increases. The resulting pressure on Congress has all but ended effective price control.

The steel workers were offered a 15-cent wage increase without strike and without breaking the price ceiling. Their insistence on striking and bringing the government into collective bargaining won them only 3½ cents more. They have already lost 6 cents from living cost rises resulting from their action and stand to lose a great deal more as prices rise further.

Since their government formula forced OPA to grant these rises, OPA cannot stop them. Had the steel workers been willing to stick to genuine collective bargaining under price ceilings, they would have had their 15 cents today, and all other Americans would have been spared immense losses through the rapid living cost rise. Intelligent American workers will remember these facts when Communists try to mislead them



into political strikes. President Green's message urging workers to exercise self-discipline during the OPA emergency and to increase production met with immediate response throughout the country. American workers followed his lead.

There were few strikes during July and production rose to a new postwar peak. Thousands of business men throughout the nation's vast network of stores, factories and other industries held the price line. This teamwork carried the country through the emergency without disastrous price increases.

The Federation is pleased to report also that in a number of industries where most or all workers are AFL members, such as cement, brick, anthracite coal, paper and pulp, newspaper printing, preliminary figures show that production per manhour has already risen well above last year's level.

Between V-J Day and May 31, 1946, about 2,400,000 workers took part in strikes large enough to tie up a significant portion of American industry. Of these workers, 77 per cent were in unions not affiliated with the American Federation of Labor; 18 per cent were in the coal mines, and the remaining 5 per cent were in other AFL unions.

The AFL wage gain study, which thus far covers only part of our unions, shows substantial wage increases won since V-J Day for about 5,000,000 workers without significant strikes in these and other industries: Women's clothing, cloth hats and millinery, bakeries, paper and allied products, printing, chemicals and fertilizers, cement, brick, electric light and power, street railways, hotels, federal government, railroad repair shops.

Eliminating those cases where minor strikes were necessary, we find that increases in straight time wages won by the AFL without any strike will add more than one billion dollars to the yearly incomes of American workers.

It is interesting to note that those workers outside the AFL who went on strike between V-J Day and June, 1946, lost about three-quarters of a billion dollars in wages while they were on strike.

How has the AFL achieved such a record

of gains for members without strike, and at the same time developed sound relations with employers? We achieved this because the basic philosophy and policy of the Federation is to develop genuine collective bargaining in good faith between unions and employers.

Collective bargaining is the principal process which differentiates democracy from Fascism and Communism. Workers and employers can keep their freedom only when they can make their own decisions at the conference table about matters that concern them. Because they know more than anyone else about their plant or industry, their decisions can contribute most to the long run progress of themselves, their enterprise and the nation.

Growing union strength gives workers greater bargaining equality and opportunity to assure just decisions; it also gives them great responsibility to preserve this vital democratic heritage and make sure that the interests of consumers, the industry and society in general are considered at the bargaining table as well as their own.

Management and workers are partners in a mutual enterprise; they can benefit in proportion as it succeeds, and as the nation as a whole is prosperous. Genuine collective bargaining proceeds with these facts in mind. It requires good faith on both sides, a mutual desire to arrive at just decisions, satisfactory to both parties, and continuing responsibility for carrying out the provisions of the agreement.

It must be conducted in a spirit of mutual give and take, free from government interference. It requires joint consideration of many problems which affect the plant or industry concerned; and these problems must be seen in the light of facts on production, sales, employment, labor costs, plant income and other pertinent matters. As the union proves its responsibility, these facts should be submitted at the conference table.

The outstanding AFL postwar record of wage increases without strikes was possible because our officers and members understand their responsibilities in collective bargaining and make a point of developing good relations with their employers.



# The Brewery Workers Are Worried

## CIO Propaganda Tries to Stop Desertions to AFL

**I**N AN editorial that sounds like Little Red Riding Hood chattering nervously to the Big Bad Wolf, the July 31 issue of the *Brewery Worker* attempts to convince its members that they will be happy in the CIO.

It appears that the members of the Brewery Workers' International Union need some such assurance. In fact, the Brewery Workers were split wide open by the recent recommendation of their executive board to affiliate with the CIO.

In spite of the unanimous recommendation of the executive board, the general membership voted by a majority of only 3,659 to adopt the recommendation of the board and join the CIO.

The official vote was 22,900 to join the CIO and 19,241 against joining, as reported in the August issue of this magazine. Since then several locals of the Brewery Workers have come over to the Teamsters in a body. In doing so, they accepted the promise of President Tobin that they would be permitted to retain their officers, fulfill their existing contracts and conduct their own affairs with the same freedom as any other local of the International Brotherhood of Teamsters.

This has alarmed the leaders of the Brewery Workers' International Union. They see their membership slipping away from them. They won't be such big shots in the CIO with a dinky little union of around 20,000 members, which will be about their size when the exodus has ended.

Instead of gaining a strong, resourceful union, able to stand on its own feet, the CIO has adopted a squealing little problem child.

It must now fight the battles of this problem child, after warming its milk and wiping its nose.

In doing so, the CIO must challenge the authority of the American Federation of Labor in all industries annoyed by the irresponsible antics of the Brewery Workers' International Union. They won't be dealing with a puny urchin when they do that.

The first step is to solidify the ranks of

the Brewery Workers and to stop the desertions to the Teamsters' Union. That was the purpose of the editorial in the July 31 issue of the *Brewery Worker*. They can't go into battle with the Brewery Workers marching backward instead of forward.

The editorial is captioned "What CIO Affiliation Means to Us." That calls for a lot of explaining. Nobody around the Brewery Workers' Headquarters could explain it, so they called in one of the smart boys from the CIO publicity staff to write their emancipation proclamation.

We didn't see them do it, but we have been reading the *Brewery Worker* for a long time and the editorial doesn't sound like the *Brewery Worker* bouncing its barrels. It is smooth though spurious. It is fluent though false. It is a lullaby sung out of the corner of her mouth by a stepmother who wishes the kid would go to sleep and stop fretting.

Here's the way the lullaby starts:

"Since our membership, by majority vote, has decided to affiliate with the Congress of Industrial Organizations, and we are now an official part of the CIO, it is necessary that we all understand clearly the meaning of this new affiliation."

*The meaning of the new affiliation is simply that the Brewery Workers had nowhere else to go. They were expelled from the AFL and were losing members so rapidly that they turned to the CIO in desperation to save them.*

"The CIO has guaranteed our unity, our jurisdiction and our autonomy without any strings or loopholes," says the *Brewery Worker*.

*Nobody can give unity to the Brewery Workers' International Union. It is divided down the middle with an internal fight precipitated by the unreasonable prejudices of its officers. The CIO cannot "guarantee" the jurisdiction of the Brewery Workers. All it can do is try to seize control of that jurisdiction from the Teamsters and*



*other AFL unions. That's a man sized job, brother.*

"That this is not an empty promise is proved by the CIO's record since it was founded. It has never taken members away from one union and given them to another without the consent of the unions and members affected," says the *Brewery Worker*.

*This means, if true, that the CIO has never decided a jurisdictional dispute between its affiliates. How could a jurisdictional dispute be decided unless the CIO took members from one union and gave them to another?*

"Jurisdictional disputes within the CIO are practically unheard of," says the *Brewery Worker*.

*The CIO is nothing but one big jurisdictional dispute. As far as its internal quarrels are concerned, did you ever hear of Harry Bridges and Samuel Wolchok?*

"The CIO is taking steps to turn over to us local industrial unions, similar to the AFL federal labor unions, in the distilleries and other plants that come under our jurisdiction," says the *Brewery Worker*.

*If the CIO plans that, it had better turn them over to the AFL direct. It would save paper work. The Brewery Workers will only goad them into revolt, as they have their own members.*

"Allan Haywood, CIO vice-president, has stated that their intention is to help us increase our membership to 100,000 by next year," says the *Brewery Worker*.

*That is very generous of Mr. Haywood. Where does he expect to get those 100,000 members? From Walter Reuther?*

"Some of our members have an unreasoning fear of the AFL. They feel the CIO cannot protect us against their raids. Let us examine this fear psychology," says the *Brewery Worker*.

*Let us, indeed. The Brewery Workers cannot have much "unreasoning fear" of the AFL, judging by the rate at which they are joining it.*

"We were independent from October, 1941, to July, 1946—almost five years. During this time we lost some members to

the AFL and the Teamsters, but we were not dismembered or destroyed. Why should we fear destruction now when we have powerful allies?" asks the *Brewery Worker*.

*The Brewery Workers should rightfully fear destruction because they cannot hold their own membership. During the five years of their independence they lost members so fast they turned to the CIO to save them. It is true they were not entirely dismembered. They still had their vocal chords.*

"Some say the AFL Teamsters will now refuse to deliver our products and supplies because we are CIO," says the *Brewery Worker*.

*A rather logical deduction.*

"The law gives every American the right to select his own union by his own free choice," says the *Brewery Worker*.

*Quite right. We hope the Brewery Workers respect that right every time one of their locals joins the Teamsters.*

"Are we so meek and cowardly as to surrender our rights because we fear some power outside the law? When we are offered the financial, legal and physical support of one of the world's greatest labor organizations, will we give up our rights without a struggle and surrender our brothers to despotism?" asks the *Brewery Worker*.

*Note that word "physical." Is that the power "outside the law" which they threaten to use against the AFL? The members of the Brewery Workers who joined the CIO have already surrendered to despotism. The rest revolted.*

"The Brewery Workers will make a contribution to the CIO by helping to articulate policies and by adding to CIO ranks a large number of members already familiar with trade union practices and procedures," says the *Brewery Worker*.

*The Brewery Workers will certainly articulate. Their union has been in a continuous state of articulation for 40 years. If they negotiated as well as they articulate, they would have one of the nation's strongest unions. The Brewery Workers should be familiar*



*with trade union practices and procedures. They were in the AFL for half a century. And most of that time they violated its practices and defied its procedures. Probably the CIO is better suited to their operations.*

"CIO, like the United States itself, is made up of all kinds of people: Protestants, Catholics and Jews; Socialists and Communists, Whites and Negroes—even Republicans and Democrats," says the *Brewery Worker*.

*This is the payoff. EVEN Republicans and Democrats belong to the CIO, the Brewery Worker remarks distastefully, as if it was confessing to*

*harboring criminals. Doesn't it know that most of the American people are Republicans and Democrats? Is the CIO so alien to the United States that it repudiates the two-party system of government? Does it want a totalitarian, one-party system? And you will note that the Brewery Worker gives greater prominence to Socialists and Communists.*

*The smart boy from the CIO publicity staff tipped his hand. By now the Brewery Workers ought to know what they are in. But they don't need to stay. The door of the AFL is still open for them.*

## Infantile Paralysis Reaches Epidemic Stage

An increase of 56 per cent in infantile paralysis up to August 1 is cited by The National Foundation for Infantile Paralysis, Inc., as necessitating still more vigorous efforts to keep this dreaded disease under control.

Figures are not available for the increase since August 1 but they are expected to be still more alarming as the disease reached epidemic proportions in several midwestern states during August and the September toll is expected to be even higher.

A bulletin issued by the infantile paralysis foundation states that the labor press

will be asked to carry much of the campaign to raise funds during the March of Dimes next January 15 to 30.

"We know the children of America can count on the labor press and American labor for support in their fight against the great crippler. For this please accept their—and our—thanks," states a letter from Basil O'Connor, president of the foundation.

Doctors have found during the present epidemic that paralysis is most likely to strike those wearied from intense physical exertion and those chilled by sudden plunges into cold water.

## Truck Drivers Urged to Maintain Courtesy

An eastern trucking magazine offers the following platform of ethics for the men who drive the big equipment over the highways:

1. Promote better working conditions for drivers.
2. End small town police racketeering.
3. Promote public safety on the highways.
4. Encourage better conditions for drivers on all the roads.
5. Boost the motor freight industry.


It's not such a bad platform, any way you look at it. Union Teamsters can adopt it, with one addition: more attention to maintaining the high standard of courtesy and helpfulness on the public roads.

It was not so many years ago that the truck drivers were looked upon as friends of the traveling public.

They never failed to stop and offer aid to motorists in distress. Thus was developed a public opinion worth much to the industry.—*Oregon Teamster*.

A three-cent increase in the cost of home-delivered milk in Albany, N. Y., has resulted in reduced earnings for milkmen because of reduced consumption of milk, according to complaints from members of Local No. 787.





# LABOR NEWS NOTES OF THE MONTH

*From the Federated Press*

WASHINGTON—Emerging from a conference with President Truman in which he discussed matters of concern to America's organized farmers, President James G. Patton of the National Farmers' Union told newsmen a reported "break" with the Truman administration was a "misapprehension caused by some segments of the press."

NEW YORK—Consumer cooperatives in all parts of the country refused to join in the rush to slap new prices on the people once OPA was removed from the scene, the Cooperative League reported here.

WASHINGTON—The U. S. Conciliation Service settled 1,408 labor-management disputes in June. Of these, 1,095 were ironed out before they reached the strike stage.

INDIANAPOLIS—The Indiana Federation of Labor convention, scheduled to open here September 17, may resemble a strip tease contest. Every one of the 1,000 or more delegates will be required to prove that he (or she) is wearing at least three union made garments.

MIAMI—The Florida Federation of Labor has gained 7,000 new members in its organizing drive since July, AFL State Representative J. Lew Rhodes declared here. Rhodes said the AFL and its affiliates will spend \$1 million on organization work within the state in the next 12 months.

NEW YORK—Topping Congress' long list of gifts to the National Association of Manufacturers was its decision to stay out of Washington until January, the NAM said candidly in its weekly news letter August 3 as it rated the congressional voting record the best—for big business—in the last 15 years.

LOS ANGELES—Emergency housing construction in suburban South Gate was placed on an urgent basis when 200 angry veterans marched on the town council and lodged vigorous protest against delays.

BATON ROUGE—Louisiana is now the fifteenth state to enact strike control legislation. The Louisiana version, just signed by the governor, outlaws wildcat strikes in violation of existing contracts. Important difference from other legislation of same kind is that ONLY wildcat strikes are outlawed. All other state laws on the subject attempt to limit ALL strikes in one way or another.

WASHINGTON—Privately owned electrical utilities are not doing bad this year, according to a Federal Power Commission release. While gross income increased only 4.4 per cent in May, 1946, over the May, 1945, figure, net income (after operating expenses, depreciation and taxes) was \$47,494,000—an increase of 20 per cent over the net for May, 1945.

KENOSHA, WIS.—Defeat of Senator Robert M. LaFollette in the Wisconsin Republican primaries August 13 is ascribed in labor circles here primarily to the kiss-of-death letter of Senator Robert A. Taft of Ohio, leading Republican reactionary, urging LaFollette's renomination.

WASHINGTON—Wage increases won by west coast lumber workers above the post-war industry pattern may not be used to advance lumber prices, Economic Stabilizer John R. Steelman notified the National Wage Stabilization Board August 8.

SAN FRANCISCO—The San Francisco Labor Council has announced formation of a strategy committee, the object of which will be "to combat CIO organizing drives in the bay area."

CHICAGO—The AFL executive council informed President Truman August 14 that it adamantly opposed sharing representation in the International Labor Organization with the CIO or any other labor body in the U. S.



PEORIA, ILL.—Hesitancy of the management of local baking concerns to settle the recent strike of Bakery and Confectionary Workers (AFL) has cost them the services of many of the 200 bakers who took part in the union action. Even though the strike has been settled, the bakeries find they can't run at full production because many of the strikers found work elsewhere and didn't return to Peoria.

NEW YORK—Proof of how unsuspecting consumers are being socked with hidden price increases was uncovered here in a confidential memo from a nationally known firm giving slice-the-boloney-thinner instructions to managers of its fountain and restaurant concessions in three big chain stores throughout the U. S.

WASHINGTON—Inflation remains the No. 1 threat to America's economy, said Reconversion Director John R. Steelman August 13 in summing up the record of one year since V-J day.

CHICAGO—Assailing the "dismal" record of the 79th Congress, the AFL executive council, August 12, called for expanded, intensified political action by its affiliates to effect "a sweeping congressional housecleaning."

NEW YORK—The New York Stock Exchange, heart of U. S. finance, had an acute attack of labor trouble August 14 as 700 employees walked off their jobs to take a strike vote. The vote, 652 to 5, favored a strike whenever the union, the United Financial Employees (unaffiliated) "deems such strike necessary."

CLEVELAND—Tom Girdler, chairman of Republic Steel Corporation, will have to make ends meet on his salary of \$175,000 per year and stop cheating the stockholders, a common pleas judge ruled here, ordering the industrialist to fork over a \$51,000 bonus awarded him by the board of directors in 1940.

WASHINGTON—More persons were employed on farms on August 1 this year than on that date in any other year since 1942, the Department of Agriculture said August 12. Of the 11,044,000 people engaged in farm work in the entire country, 8,258,000 are farm operators and unpaid members of their families and 2,786,000 are hired hands.

CHICAGO—A huge swindle of the American public was exposed by the Department of Justice when it filed suit in federal court charging optical wholesalers and about 5,000 leading oculists throughout the U. S. with violating the anti-trust laws. Bausch & Lomb, one of the chief culprits, had previously been indicted for deals with German firms harmful to the war effort.

WASHINGTON—Congressman Joseph C. Baldwin of New York called for rationing on all commodities from which price controls are removed under the new OPA law and which should, for "the health and welfare of the community, remain equally available to all income groups."

BROOKLYN—No jobs, no homes and not enough schools are the three big problems plaguing veterans, a survey by the Brooklyn Veterans' Service Center revealed.

ATLANTA—A suit seeking to block nomination of Eugene Talmadge as governor of Georgia was filed in U. S. district court at Brunswick August 2. At the same time it was revealed in Monroe that Talmadge had conferred lengthily some days before the mass lynching July 25 with the father of Barnett Hester, landlord of one of the lynch victims.

WASHINGTON—Appointment of AFL President William Green and CIO President Philip Murray as trustees of the National Planning Association was announced August 8 by NPA Chairman H. Christian Sonne. Sonne also named Standard Oil President Frank W. Abrams, Chairman Harry A. Bullis of General Mills, and former OPA Administrator Leon Henderson to the board of trustees to help seek methods to stabilize industrial relations.

LANSING, MICH.—Average hourly pay, including overtime, in Michigan manufacturing industries in June was \$1.319, reports the state department of labor and industry.

WASHINGTON—Senator Burton K. Wheeler of Montana, defeated for renomination in his state's Democratic primary, announced August 2 he would not be a candidate as an independent in the November election. He failed to say whether he would support his victorious opponent, Leif Erickson.



# Look Who's Offering to "Help" Us

## Workers' Defense League Tries to Thumb a Ride

**T**HE Workers' Defense League has offered to help the Teamsters' Union test the legality of the Hobbs bill.

The offer is hereby rejected, without thanks.

The Workers' Defense League is an organization with no standing whatsoever in the labor movement. It is operated by agitators who are in frequent attack upon the leaders and organizations of labor.

By offers of "help" to legitimate unions, it endeavors to create the impression that it is the spokesman and champion of labor. It is not. It never was.

Before and during the war it showed great sympathy for the Trotsky Communists and spread their propaganda in "news releases" sent free to the labor press.

It promoted the efforts of Trotskyites to disrupt American labor and discredit it in the eyes of the public. Its supporters include some notorious pinks, reds and nit-wits.

The "Workers' Defense League" is a good name, for propaganda purposes. Union men who know nothing about it and its sponsors may be deceived into thinking it is a legitimate voice of the labor movement.

The Workers' Defense League solicits funds from unions and then proceeds to use the donations to finance propaganda against the very unions which were suckers enough to contribute.

The Workers' Defense League has been particularly vicious in its attacks on the Teamsters' Union. It has falsified the facts in the case of the Trotsky Communists convicted of sedition by the federal government in Minneapolis several years ago.

Because these Trotskyites had previously bored into the Teamsters' Union in Minneapolis and tried to convert it into a subversive organization, the Workers' Defense League charged that they had been "rail-roaded" to prison by the Teamsters.

The fact is they were prosecuted by the government for attempting to overthrow the government—not the Teamsters' Union.

Now this organization has the effrontery to offer its help to the Teamsters to challenge the legality of the Hobbs bill. What could they do for us if we accepted the offer? Their funds come from mooching. All they could do is put the bite on us for some money to pay the fee for some red attorney.

The Teamsters' Union would be in a bad way if it needed help from such a source. Probably the smallest local of the Teamsters has more members than the Workers' Defense League. It is a paper organization—a propaganda front.

The Workers' Defense League frequently announces it is going to "test the constitutionality" of some law or other. How? With what? We have yet to hear of any case carried to the supreme court by the Workers' Defense League. That costs money. It takes brains. The Workers' Defense League is unencumbered by either.

This league exists only because of those who contribute to it in the mistaken idea that it is an accredited labor organization.

It is interested primarily in helping itself. Remember that the next time they ask your union for money. And remember the name—Workers' Defense League.

Its "news releases" are worth exactly what they cost—nothing. And its "offers" of help bear the same value.

So far as the Hobbs bill is concerned, that's our problem. We are taking care of it. We have good lawyers and sufficient funds to handle our affairs. If we need help, we'll ask for it from other legitimate labor organizations.

So run along, little Workers' Defense League! We don't like your color and we don't like your smell.



# Half Nation in Danger of Poverty

## Soaring Profits Jeopardize American Standard of Living

By BORIS SHISHKIN

AFL Economist in The American Federationist

**“W**ITH all the money workers are making today . . .”—“In these days of high wages and high incomes . . .”—so run the standard openings of arguments against low-cost housing, health insurance and other proposals for economic security and better living standards.

You hear them every day in congressional committees, in Pullman diners, in cocktail lounges, from prosperous gentlemen and ladies, many of whom have a great deal to do with your economic future and mine.

Many of those who back the do-nothing national policy, who look upon every wage increase as a calamity, genuinely believe that practically everyone is well off in the United States today, that there is a vast accumulation of savings in the hands of the mass of the American people, more than enough to carry the country through the thick and thin of the treacherous years ahead.

The war brought new prosperity and riches to quite a few people in America; but it failed to spread these riches among the many. There are just as many poor families now as there were before the war. And what is even more ominous, during the past year and a half the poor have been steadily getting poorer.

This startling disclosure was made by a study of family finances and wartime savings made by the Federal Reserve Board and the Bureau of Agricultural Economics. Here is what this study revealed about the incomes of families (or households) in 1945.

Of the 46,000,000 American families, 32,000,000 had an annual income of less than \$3,000. That is, seven out of every ten families received an income less than \$3,000 a year.

The 46,000,000 American families accumulated a total of \$20 billion in personal savings. But of this amount, the 32,000,000

families with incomes of \$3,000 or less were able to save only \$5 billion, while 14,000,000 families with incomes over \$3,000 saved \$15 billion.

In other words, those with incomes under \$3,000, or 70 per cent of all families, accounted for only one-quarter of the savings of the nation, while the 30 per cent—the higher-income families—accumulated three-quarters of all savings.

This contrast becomes even more dramatic when you consider that 70 per cent of families with incomes below \$3,000, who saved \$5 billion, saved much less than the 8 per cent of families whose income was over \$5,000, for these saved \$8 billion, or 40 per cent of all savings.

The study makes it clear that most American families—seven out of every ten—have neither the incomes nor the savings sufficient to buy new automobiles, refrigerators, washing machines and other products which need a mass market to support their full production and to sustain full employment of workers making them.

All that these families can afford are bare necessities. And when the prices of bare necessities get out of reach, they will have to skimp and cut down on these, too.

But the most important fact of all brought out by this study is that one out of every five American families was really poor in 1945 and is likely to be poorer in 1946.

Yes, one out of every five families had an income of less than \$1,000 a year.

The 9,300,000 families comprising 30,000,000 Americans in this income group accumulated no savings at all; in fact, they had to borrow more than they saved.

These 20 per cent of the total number of families received only 4 per cent of the total family income in the United States.

The average family in this income group received an income of only \$600 a year.



This average family had only \$20 in bonds or in its savings account. Every fifth American family lives in dire poverty, in farm and city slums, ill-fed and ill-clothed.

Some 12,400,000 families had incomes between \$1,000 and \$1,999. The average amount they saved during the year was only \$70 and the bonds, savings and other assets readily convertible into cash, plus the cash on hand, averaged only \$230 per family.

**So one out of every two American families has to live on less than \$2,000 a year, has little or no savings, cannot afford any of the new reconversion products developed by the know-how and technology of war, is financially unable to own a home of its own and is not too sure about being able to make ends meet in the face of the wild rampage of rising prices.**

That is the simple arithmetic behind labor's fight for better wages, better purchasing power for wage earners' families, higher production for industry and a higher living standard for the average American.

With most wage earners' families receiving an income of much less than \$2,000 a year, this picture of how the income is distributed justifies labor's drive for higher wages. But the basis for this drive is not so much the economic plight of the worker as the worker's productive contribution to the wealth of the nation.

It is a fact that better wages bring greater efficiency, increased output and lower per unit cost. And here is where we find the nub of the controversy between labor and management with regard to wages, prices and profits.

"A wage increase? Why, you fellows just don't know what you are talking about. If I granted the wages you ask for, the increased cost would run me out of business!" This is the employer's response, familiar to many a union negotiating committee. The contrast is made between the "fat" earnings the worker is supposed to bring home and the "slim" profits the firm is supposed to be making.

What is the *real* relationship between wages and profits in our economy?

Invidious comparisons are often made,

showing that a large proportion of our national income goes to wages, while a relatively small part of the income comprises profits.

But those who make such comparisons ignore the fact that wages represent the *total* amount of money received by the wage earner to maintain his household in operation as a going concern.

Wages are the wage earners' *gross* income *before* he meets all his costs.

Profits, on the other hand, represent the *net* income of a firm or corporation, *after* all its costs have been met. If a parallel is to be drawn at all, a closer comparison would be between the net income, or profit, of the corporation and the current savings of a wage earner's family.

For example, a family with income between \$1,000 and \$2,000 a year, after it has met all its living expenses, is able to save \$70 a year, as we have just seen. To this family household, which needs to be fed, clothed, housed and kept warm, to be maintained as a going concern, the current savings are its net income after all operating costs are met.

The current savings of such a family averaged  $5\frac{1}{4}$  per cent of its gross income per year in 1945. In the less prosperous years, these current savings dwindle to nothing and often turn into "dissavings," or debts and deficits which must later be made up.

Our system of business enterprise is a competitive system. It is also a profit system. It is said that under the competitive system of private enterprise, "profits make the wheels go 'round.'" They say, too, that competition is bound to keep profits in check.

Just at present, and until the pace of civilian production is restored and wartime deficits are made up, much of the market is non-competitive.

**There just isn't any price competition to check profits. But even apart from this temporary condition, more and more of our business, especially since the war, has become less and less competitive.**

Increasingly it is the corporate tax on profit, and not competition, that determines



how much of its income a business enterprise takes as profit.

As the force of competition becomes diminished, more vital becomes the question whether the power drive of profits which keeps the business of production and distribution going can keep the enterprise at an even pace, necessary for stable output and stable employment at the maximum level.

We have seen in the past that the profit drive tends to work in spurts. The ups and downs, so costly to business as well as labor, have always recurred except in times of war.

In looking back over our past experience, we have found that the profit drive may, at times, become self-defeating. That is when the eagerness for quicker and more immediate profit causes business to serve the few rather than the many.

Serving the many means a lower immediate return and a longer wait for it. But it means more sales and ultimately a much larger return for both the business and for the consumer.

High profit per unit of production can easily become a deterrent to full output and full employment when profits are not put "back to work" into the productive economy. Almost all money paid out in wages, for example, is used to pay for the wage earner's necessities of life.

That money flows back into channels of business. The same may be true of profits if they are invested into new machinery or new plants, or if profits distributed as dividends are spent for goods and various services.

However, there is a tendency for a part of corporate profits to be held idle instead of being put to work. This tendency can be overcome in an economy geared to high wages and low profits per unit of the product.

This means that with expanding production, a larger portion of the benefits of the higher output would be passed on to the workers (those who spend all but a small portion of the money they receive) in the form of higher wages, rather than being retained by the corporation (which may only spend a portion of the money it

receives) in the form of higher profits.

The establishment of a high-wage economy, able to provide the wage earner with income sufficient to better his standard of living and make possible a steady expansion of production, has long been an objective of the American Federation of Labor.

As we emerge from the devastation and dislocation of war, it is that objective of constant betterment and growth that must guide us in our struggle to win the peace.

Are we moving toward or away from that objective? Let us look at the past record and size up the future prospects of corporate profits.

What we are mainly concerned with here are the profits of all corporations in the United States. This means corporate profits as determined by the Treasury Department for income tax purposes.

Each corporation is required to file an income tax statement (even if it doesn't have to pay any tax). The statement includes all its income for the previous year, less all expenses allowed by the Treasury.

Legitimate expenses include (but are not limited to): all wages and salaries, including the salaries of all corporation officers; all products and services bought; all depreciation charges for wear and tear on machinery, buildings and equipment; and all interest on corporation debt.

What is left, after these have been subtracted, is profit, and is normally called "profit before taxes."

After federal and state income taxes are paid, the remainder is called "profit after taxes" and is available for distribution to stockholders as dividends or for reinvestment in the corporation.

As a rule, profits of the smaller corporations are more irregular and have greater fluctuations than those of large corporations. The small corporation will show a relatively larger deficit in depression years and a relatively higher profit in prosperous years than one of the corporate "giants."

The large corporation is likely to be more firmly established, to have achieved a certain stability in its operations and is not as seriously affected by changes in business conditions.



The figures bring out these significant developments:

(1) Steady increase in aggregate profits during the 1920's with the prosperity of those years, culminating in a high of \$9.8 billion before taxes and \$8.3 billion after taxes in 1929.

(2) Sharp drop following the collapse in October, 1929, and extending until 1933. Profits after taxes in the red for three years. (This does not mean that all corporations lost money in these years; rather, the corporations that lost money lost more money than the others made.)

(3) Slow rise through the next seven years through 1940, with drop in 1938 (corresponding to recession of that year), but profits each year below the 1929 level.

(4) Sharp increase in profits during 1941-45. Even after deduction of wartime taxes (including excess profits tax) profits are higher than 1929.

Let us examine these figures more closely.

The rapid rise in profits during the Twenties contributed substantially to the collapse of 1929. During that decade, this country developed the opposite of a high wage, low profit economy.

The substantial increases in labor productivity achieved in those years were reflected; not so much in wage increases or lower prices, but mainly in increased profits. This disproportionate increase in profits stimulated unhealthy speculation in the stock market and in real estate. Eventually the bubble burst.

As Chester Bowles puts it in his recent book, "Tomorrow Without Fear":

"This high level of profits largely explains the surface prosperity of the Twenties. It explains the lush spending at resorts and night clubs, the booming stock market. It explains, too, why that prosperity could not last and why the crash finally came.

"If ever it has been demonstrated that prosperity cannot continue unless enough income is being distributed to all of us—farmers and workers as well as business men—to buy the increasing products of our increasingly efficient system, it was demonstrated in the Twenties.

"If we need any demonstration of the fact that our economy can choke itself to death on too many profits, the Twenties provided that demonstration."

The collapse of 1929 brought with it a collapse in profits. Throughout the severe depression and the years of recovery, profits never reached the 1929 level.

By 1936, recovery was far enough advanced so that profits were again substantial, but not until the economy was spurred by arming for defense did profits approach the 1929 level.

By 1943, profits before taxes were about  $2\frac{1}{2}$  times the 1929 figures. The wartime excess profits tax cut the figure for profits after taxes to about 20 per cent above 1929. Profits for 1944 as well as 1945 continued close to the 1943 high.

The profit figures for recent years are likely to understate the true facts. Because final data are not yet available, the profits have been estimated from samples drawn from the published reports of selected corporations. When more complete information becomes available, it is likely to indicate substantial increases over the figures shown here.

Were wartime profits too high? Certainly some increase in profits through the years is only natural because of the country's growth and the greater annual output of our economy.

When these factors are taken into account, profits for the war years do not loom quite so large, approximating those for the boom year of 1929, but still much higher than the more normal years of 1926 or 1939. It must be remembered that 1929 profits were highly abnormal and symptomatic of the then impending crisis.

Between 1939 and 1943, when war production reached its peak, average corporate profits rose 128.2 per cent. War profits remained at an extremely high level for five years.

Never before in the history of our economy have U. S. corporations "had it so easy."

Their job was to get together workers, equipment and raw materials and then let labor perform the actual production. And



if there were any extraordinary expenses involved in this job, Uncle Sam was paying the bills. Now that V-J Day is behind us, the size of the war profits looms all the more important. We realize now that the high profit rate of the Twenties was one of the major causes of the 1929 depression.

In what ways will the high war profits help or hinder the maintenance of high and stable employment in the future? What is the postwar outlook for profits? What is being done and what can be done to avoid a repetition of the distorted condition of profits in the Twenties?

We cannot consider those wartime profits as so much "water over the dam" so far as our economic system is concerned. A large part of these profits were not distributed to stockholders as dividends, but instead were "plowed back" or reinvested in the corporations concerned. This is illustrated by the following figures:

#### Profits After Taxes and Net Dividends For All Corporations

Year	Profits After Taxes (In Billions of Dollars)	Net Dividends	Per Cent of Profits Paid Out in Dividends
1929.....	8.3	5.8	69.9
1943.....	9.9	4.3	43.4
1944.....	9.8	4.5	45.9
1945.....	9.1	4.5	49.5

Even though during the war years profits after taxes were substantially higher than 1929, dividends paid out were more than 20 per cent below 1929.

The great majority of business firms have been able to set new production and sales records, and roll up the profits in the process.

At the present time the prospect for profits is bright. Profits for 1945 were only slightly below the wartime peak. For 1946 sample figures are available for the first three months of the year.

For the most part, this constitutes an amazing record. Here, for the period which was supposed to be the worst for American business, we find that for the majority of key industries profits after taxes are *higher* in 1946 than in 1945.

Let us look more closely at the specific industries which did poorly during this period. Take, for example, the four manufacturing industries which operated at a loss—electrical machinery, motor vehicles, motor vehicle parts and accessories, and railway equipment.

Each of these industries experienced severe reconversion problems during this quarter. Their reconversion problems are now solved and will not hinder operations during the rest of 1946. By the end of July, automobile output, for example, reached 87,000 cars a week, or the annual rate of 4,500,000 cars.

The overall picture presented by these figures is that profits for this postwar reconversion period are much higher than anyone, in business or in government, ever expected. Moreover, there is every indication that, unless prices get completely out of hand, in the next two or three years, production of reconverted industries will be assured a high rate of profit.

In view of the high war profits and the threat that they constitute to a balanced economy and the prospect of inordinately high profits in the immediate future, it is natural to ask what action Congress has taken or can take to remedy this condition.

The history of congressional action concerning corporate profits has too frequently been a history of cooperation with, rather than regulation of corporations.

The chief instrument which Congress can apply against high profits is the corporate income tax. The application of this tax is a technical subject. The average citizen has difficulty in understanding it and therefore he does not express himself on pending tax legislation.

At the start of the war, Congress passed an excess profits tax, but the methods of calculating the excess income were so devised that they allowed corporations to keep a very liberal percentage of their total income, far more than a progressive minority of Congress had proposed.

When the war was over, Congress quickly took the first opportunity to repeal the war-



time excess profits tax. This, more than anything else, has made possible the continued high profits after taxes in 1946.

In addition, Congress, by special action, has given certain tax privileges to corporations in connection with their wartime finances. These provisions affected corporate taxes by allowing corporations to do the following:

(1) Obtain tax credits by writing off completely the cost of any emergency war facilities, plant or equipment, which had been built for war production. Previously the allowed amortization, or depreciation write-off, rate was 20 per cent per year, but by this special provision, this could be raised sufficiently so that by September, 1945, the write-off would equal 100 per cent. The amount of this amortization could then be considered a legitimate business expense, with resulting tax reductions, even though the particular facility would be valuable and useful in peacetime. According to the Federal Reserve Board, the corporations gained a total of \$1½ to \$2 billion in tax credits as a result.

(2) Obtain tax credits by "carrying back" any unused excess profits tax credit for 1945 or 1946. In other words, a corporation which shows for 1945 or 1946 a net loss or a net income lower than the "normal" rate of profit permitted by the excess profits tax is permitted to apply any unused tax credit by claiming a refund on the excess profits taxes paid in 1943 and 1944.

It is this provision which enabled many corporations to fight strikes with money from the U. S. Treasury. In addition, there is at the present time a

movement to repeal completely the existing corporate income tax. It is clear from all these actions that Congress has not been restraining profits from a dangerously disproportionate rise.

Labor, as the largest group in America, has the most to lose if, in the present crucial test, this nation fails to achieve an economy able to sustain full and stable employment.

The American Federation of Labor and its affiliates have been working toward this goal by raising the general level of wages through collective bargaining. Wages must be kept high and must rise continually with increases in labor productivity if the worker is to have sufficient income to buy the products of his labor.

The American Federation of Labor has been equally insistent that Congress act on a comprehensive program of tax and other fiscal policies designed to insure a full employment economy.

This program must provide for effective minimum wage standards, broadened social security and a broad expansion of investment into much-needed housing.

Through sound taxation of corporate income it can keep peacetime profits in balance with the rest of the economy, as a means of replacing the ups and downs of the past with steady, stable growth.

High wages and low profit per unit of income for all consumers and a greater aggregate profit for business, are indispensable to the lasting postwar prosperity which is the wish of every war veteran, every business man, every farmer and every worker.

## Low Pay Depletes Supply of Good Teachers

Significant of an unbalanced economy is the fact that school overcrowding is prevalent because of a dearth of teachers brought about by more lucrative employment in other lines of endeavor.

This in turn is brought about by the fact that our teachers are woefully underpaid for the amount of preparation required for the job and for the time and effort actually put in on the job.

With the future of our youth resting upon the shoulders of our teachers it is inconsistent that so little thought is given to adequate salaries for these instructors and it is predicted that unless something is done, and done soon, about this inequality we will find a deploring drop in our scholastic standards because of a complete lack of competent teacher personnel throughout the country.

—*Sacramento Valley Union Labor Bulletin.*



## Congress Increases Prices

A MONTH of runaway inflation following the death of the old OPA proved conclusively that American business has no more conception of its responsibilities than it did after the last war.

We had a glaring example of what "free enterprise" meant. It meant an increase of 25 per cent in the cost of living in a single month. The increase would undoubtedly have been still higher but for the fear that public anger would force Congress to revive drastic restrictions on prices.

Congress did revive restrictions, but by no means drastic ones. Congress, as usual, did as little as possible for the public and as much as possible for the greedy industrial interests.

It re-enacted an OPA law which forces prices to keep rising. It is full of loopholes for special commercial interests. It is better than nothing. That's about all that can be said for it.

It is to be hoped that somewhere prices can be leveled off. If not, President Truman has warned that he will call Congress back into session to discharge its duties.

During the orgy of price increases, of evictions and of flagrant disregard for the welfare of the public, American labor presented a glowing contrast to American industry.

Labor did not strike, as business had done. Instead, labor kept patriotically at work, accepting rank injustice rather than aggravate the crisis by retaliatory strikes.

As a result of labor's farsighted action, the crisis has eased. More goods are reaching the market. Labor produced them. The increase of supplies should retard rising prices. It will do so if the new OPA can be made to work.

If the new OPA does not work, responsibility should be placed exactly where it belongs—on Congress. It is senseless to criticize OPA for permitting prices to rise. What else can it do? Congress enacted the law under which it operates. And Congress first gave the nation a month of inflation.

After that, it was impossible to roll prices back to the level of June 30. An increase in the cost of living was inevitable. Congress made it so.

With election approaching, the members of Congress are attempting to weasel out of their responsibility. They are trying to confuse us with falsehoods, as this Congress has always done.

The point to remember is that present conditions were legislated by a callous combination of reactionaries led by Senator Taft of Ohio. And the time to remember it is next November, when most of them will be up for re-election.

They reduced your pay when they increased your prices.

And another thing for the public to remember is that in the hour of emergency, labor delivered the goods. It worked while business struck.



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